

McGUIREWOODS

December 15, 2004

VIA ELECTRONIC FILING

Marlene H. Dortch, Secretary
Federal Communications Commission
Office of the Secretary
445 12th Street, SW
Washington, DC 20554

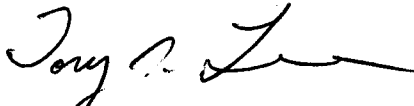
**Re: Sully Telephone Association, Inc., and Reasnor Telephone Company, LLC
Joint Petition for Study Area Waiver, and Petition for Waiver of
Section 69.905(c) Definition of Average Schedule Company
CC Docket No. 96-45**

Dear Ms. Dortch:

On behalf of Sully Telephone Association, Inc., and Reasnor Telephone Company, LLC ("Reasnor Telephone"), and pursuant to FCC staff instructions, transmitted herewith is the companies' request that the Commission waive the definition of "study area" contained in the Appendix-Glossary of Part 36 of the FCC's rules, and Reasnor Telephone's request for waiver of the average schedule company definition. This filing was previously submitted via Mellon Bank on September 27, 2004.

Should you have any questions with respect to this matter, please do not hesitate to contact the undersigned at (202) 857-1707.

Respectfully submitted,



James U. Troup
Tony S. Lee

Counsel for Sully Telephone Association, Inc., and
Reasnor Telephone Company, LLC

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554**

In the Matter of)

SULLY TELEPHONE ASSOCIATION, INC.)
and)
REASNOR TELEPHONE COMPANY, LLC)

CC Docket No. 96-45

Joint Petition for Waiver of the Definition of)
"Study Area" Contained in Part 36, Appendix-)
Glossary of the Commission's Rules; Petition for)
Waiver of Section 69.605(c) of the Commission's)
Rules Regarding the Definition of "Average)
Schedule Company.")

JOINT PETITION FOR WAIVER

Sully Telephone Association, Inc. ("Sully Telephone"), and Reasnor Telephone Company, LLC ("Reasnor Telephone") (jointly referred to herein as "Petitioners"), by their undersigned attorneys, and pursuant to Section 1.3 of the Federal Communications Commission's ("FCC" or "Commission") rules,¹ respectfully request a waiver of the definition of "study area" contained in the Appendix-Glossary of Part 36 of the FCC's rules.² Furthermore, Reasnor Telephone requests a waiver of the definition of "average schedule company" contained in Section 69.605(c) of the Commission's rules.

As further detailed below, Sully Telephone and Reasnor Telephone have entered into an asset purchase agreement whereby Reasnor Telephone will purchase the rural exchange of Reasnor from Sully Telephone. Reasnor Telephone is a newly formed entity created for this purpose. Sully Telephone seeks a waiver of its existing study area boundaries to remove the Reasnor exchange from its current Iowa study area, while Reasnor Telephone requests a waiver

¹ 47 C.F.R. § 1.3.

² 47 C.F.R. Part 36.

of the study area boundaries for a new study area consisting only of the Reasnor exchange. Reasnor Telephone further requests a waiver of the average schedule company definition in order for Reasnor Telephone to continue the operations of the Reasnor exchange as an average schedule company.

In support hereof, the following is respectfully shown.

I. BACKGROUND

Sully Telephone is an incumbent local exchange carrier incorporated under the laws of the State of Iowa. Its principal offices are located at 305 - 7th Avenue, P.O. Box 306, Sully, Iowa 50251. The company is an independent telephone company that provides local exchange telecommunications services in the Sully and Reasnor exchanges, which are comprised of approximately 2,300 and 275 access lines, respectively. Sully Telephone is an average schedule company, and it is an issuing carrier in the ICORE, Inc. Tariff F.C.C. No. 2. Sully is a participant in the NECA carrier common line pool.

Reasnor Telephone is a newly formed Nebraska limited liability company that is authorized to transact business in the State of Iowa, with its principal office located at 1995 Ryons Street, Lincoln, Nebraska 68501. By this Petition, Reasnor Telephone seeks to become an average schedule company, and if approved, it intends to become an issuing carrier in NECA Tariff F.C.C. No. 5 and participate in NECA's carrier common line and traffic sensitive pools.

Petitioners have entered into an asset purchase agreement whereby Reasnor Telephone will purchase the assets of Sully Telephone in the Reasnor exchange. Upon receipt of all necessary regulatory approvals and after closing the transaction with Sully Telephone, Reasnor Telephone will operate the exchange as the incumbent local exchange carrier and begin providing telecommunications services to Sully Telephone's customers in the Reasnor exchange.

II. STUDY AREA WAIVER

As the Commission is aware, the study area boundaries were frozen as of November 15, 1984, to prevent telephone companies from establishing high cost exchanges within their existing service territories as separate companies in order to maximize high cost support.³ An incumbent local exchange carrier must apply to the Commission for a waiver of the study area boundary freeze if it wishes to sell or purchase additional exchanges.⁴ In the instant case, Petitioners seek a waiver to remove the Reasnor exchange from Sully Telephone's study area, and to form a new study area served by Reasnor Telephone.

Generally, the FCC's rules may be waived only for good cause shown.⁵ The Commission has consistently ruled that a waiver is appropriate only if special circumstances warrant a deviation from the general rule, and that such deviation will serve the public interest.⁶ In evaluating petitions seeking a waiver of the rule freezing study area boundaries, the Commission has traditionally applied a three-prong standard: (1) the change in study area boundaries must not adversely affect the universal service fund ("USF"); (2) no state commission having regulatory authority over the transferred exchanges opposes the transfer; and (3) the transfer must be in the

³ *MTS and WATS Market Structure, Amendment of Part 67 of the Commission's Rules and Establishment of a Joint Board*, CC Docket Nos. 78-72, 80-286, Recommended Decision and Order, 49 Fed. Reg. 48325, ¶ 66 (1984); Decision and Order, 50 Fed. Reg. 939 (1985). See also 47 C.F.R. § 36 app. ("MTS and WATS Order").

⁴ See, e.g., *Nemont Telephone Cooperative, Inc. et al.; Joint Petition for Waiver of the Study Area Boundary Freeze Codified in the Part 36, Appendix-Glossary of the Commission's Rules; Petition for Waiver of Sections 61.41(c)(2), 69.3(e)(11) and 69.605(c) of the Commission's Rules*, Order, 18 FCC Rcd 838 (2003) ("Nemont Telephone").

⁵ 47 C.F.R. § 1.3.

⁶ See generally, *WAIT Radio v. FCC*, 418 F.2d 1153 (D.C. Cir. 1969), cert. denied, 409 U.S. 1027 (1972); *Northeast Cellular Telephone Co. v. FCC*, 897 F.2d 1164 (D.C. Cir. 1990); *Newmont Telephone*.

public interest.⁷ Furthermore, in order to expedite the processing of study area waiver requests, the Commission has requested that certain information be submitted with each petition.⁸ The FCC has stated that it will expeditiously review all study area waiver petitions that contain the requested data and that do not present novel issues of fact or law.⁹ The instant Petition does not present any novel issues of fact or law, and the supplemental information provided, as well as a demonstration that the FCC's three-prong test is satisfied, is detailed below. Accordingly, swift grant of the requested waivers is appropriate.

A. Impact on the Universal Service Fund

Section 54.305 of the Commission's rules require that the purchaser of an exchange receiving universal service support receive the same amount of support for the acquired exchange as was received prior to the transfer of the exchange.¹⁰ However, rural carriers may receive additional high-cost loop support for new investments in the acquired exchanges.¹¹ As further detailed below, there will not be any adverse impact on the universal service fund because Reasnor Telephone will not receive any more USF high-cost support for the Reasnor exchange than Sully Telephone received after closing of the sale, and Petitioners will not receive any additional high-cost loop support for new investments after the transaction.

⁷ See, e.g., *Nemont Telephone*, ¶ 7; *U.S. West Communications, Inc. and Eagle Telecommunications, Inc., Petition for Waiver of the Definition of "Study Area" Contained in Part 36, Appendix- Glossary of the Commission's Rules*, Memorandum Opinion and Order, 10 FCC Rcd 1771, 1772 (1995).

⁸ *Common Carrier Bureau Establishes Expedited Processing Procedures for Petitioners Seeking Part 36 Study Area Waiver*, Public Notice, 10 FCC Rcd 13228 (1995).

⁹ *Id.*

¹⁰ 47 C.F.R. § 54.305(a).

¹¹ *Blackduck Telephone Company and Arvig Telephone Company; Joint Petition for Waiver of the Definition of "Study Area" Contained in the Part 36, Appendix-Glossary of the Commission's Rules and Related Waiver of Section 54.305 of the Commission's Rules*, Order, 17 FCC Rcd 24602, ¶ 13 (2002).

In evaluating whether a study area boundary change will have an adverse impact on the universal service fund, the FCC analyzes whether a study area waiver will result in an annual aggregate shift in high-cost loop support in an amount equal to or greater than one-percent of the total high-cost loop support fund.¹² Although Section 54.305(a) ensures that there will be no adverse impact on the universal service fund, the Commission applies the one-percent guideline to determine the impact on the universal service fund in light of the “safety valve” support mechanism, which enables rural carriers acquiring access lines to receive additional high-cost loop support for post-transaction investments made to enhance the infrastructure of and improve the service in acquired exchanges.¹³ In the instant case, neither Reasnor Telephone nor Sully Telephone will receive additional support for new investments because they will operate the Reasnor and Sully exchanges, respectively, as average schedule companies. The amount of high-cost support each company will receive is calculated pursuant to predetermined average schedule company formulas, and such investments will not affect the amount of support received from the universal service fund.

Attached hereto as Exhibit A are estimates of the USF payments that will be made to Reasnor Telephone for the operation of the Reasnor telephone exchange if a waiver is granted. As demonstrated therein, grant of the instant petition will not have an adverse impact on USF high-cost support, especially in light of the small number of access lines involved in the transaction. The Commission has previously granted study area waivers involving many times the number of access lines that are the subject of the instant petition, and in those cases, the FCC found that such transactions would have no adverse impact on the universal service fund.¹⁴

¹² *Nemont Telephone*, ¶ 8.

¹³ *Id.*, ¶ 5 and 8.

¹⁴ *See* n.23, *infra*.

B. State Commission Approval

On September 2, 2004, the Iowa Utilities Board ("Board") issued an order approving the sale of the Reasnor exchange from Sully Telephone to Reasnor Telephone. In the order, the Board determined that the transaction was in the public interest, and affirmatively stated that it did not object to the transfer or the requested study area waiver. A copy of the Board's order is attached hereto as Exhibit B.

C. Public Interest

The public interest is served by the instant transaction because it will result in the efficient provision of high-quality telecommunications services to rural consumers, and it will result in direct benefits to customers in both the Reasnor and Sully exchanges. Reasnor Telephone intends to make several improvements to the facilities serving the Reasnor exchange, including the replacement of switches that will result in the availability of enhanced features and improve the reliability of service in the Reasnor exchange. Furthermore, Reasnor Telephone plans to build a fiber ring structure throughout the exchange, which will enhance the redundancy and reliability of the network, as well as extend high-speed digital transmission capabilities to areas not currently served by fiber, including the Galesburg community. Reasnor Telephone will continue the provision of excellent service quality and customer service to subscribers within the exchange it intends to purchase, and it will provide such service at affordable and competitive prices.

Subscribers in the Sully exchange will also benefit from the proposed transaction as Sully Telephone intends to use the economic gains from the sale of the Reasnor exchange to make upgrades to its equipment. The planned upgrades will permit the company to offer additional and enhanced services in the Sully exchange. The transfer of the exchange from Sully

Telephone to Reasnor Telephone will be completely seamless to the subscribers in each exchange.

Moreover, the proposed transaction will increase operating efficiency and effectiveness regarding the provision of telecommunications services in the Reasnor and Sully exchanges because it will permit Petitioners to each focus on serving a single telephone exchange, rather than spreading limited personnel and management resources over two rural exchanges. Reasnor Telephone's management team will endeavor to ensure that customers continue to receive the high-quality services they are accustomed to receiving, and they will seek to bring innovative and technologically advanced services to subscribers as market conditions warrant. Accordingly, grant of the instant study area waiver request is in the public interest, and should be granted.

D. Further Information in Support of Petition

In support of the instant Petition, Petitioners submit the following supplemental information:

1. Copy of State Regulatory Order

As discussed above, the Iowa Utilities Board does not object to the requested study area waiver. Moreover, the Board found that the upgrades proposed by Sully Telephone and Reasnor Telephone to be in the public interest. A copy of the Board's order is attached hereto as Exhibit B.

2. Statement of Planned Upgrades

As described above, Reasnor Telephone intends to make several improvements to the facilities serving the Reasnor exchange, including the replacement of switches that will result in the availability of enhanced features and improve the reliability of service in the Reasnor exchange. Furthermore, Reasnor Telephone plans to build a fiber ring structure throughout the

exchange, which will enhance the redundancy and reliability of the network, as well as extend high-speed digital transmission capabilities to areas not currently served by fiber, including the Galesburg community. Reasnor Telephone plans to continue to utilize the facilities and equipment that are currently in place to serve the Reasnor exchange. Sully Telephone intends to use the economic gains from the sale of the Reasnor exchange to make upgrades to its equipment. The planned upgrades will permit the company to offer additional and enhanced services in the Sully exchange. Additional improvements shall be considered and implemented by both companies as market conditions warrant.

3. Impact on USF

A copy of all studies performed in estimating the effect on high-cost USF support is attached hereto as Exhibit A. As discussed above, the proposed transaction will not adversely impact the universal service fund.

4. USF Draw

The proposed transaction will not increase the draw on USF by Sully Telephone and Reasnor Telephone as required by Section 54.305(a) of the Commission's rules, and as detailed in Exhibit A. Moreover, Petitioners will not receive additional USF support as a result of new investments because they will operate the Sully and Reasnor exchanges as average schedule companies.

5. Number of Access Lines

Sully Telephone currently provides service to approximately 2,575 access lines in the Reasnor and Sully exchanges. The proposed transaction will involve the transfer of approximately 275 access lines to Reasnor Telephone.

6. Service Area Map

Service area maps detailing the exchange being transferred and the pre-transfer study area boundaries of Sully Telephone is attached hereto as Exhibit C.

III. REQUEST FOR WAIVER OF SECTION 69.605(c) – DEFINITION OF AVERAGE SCHEDULE COMPANY

Section 69.605(c) of the Commission's rules provides, in relevant part, that "a telephone company that was participating in average schedule settlements on December 1, 1982, shall be deemed to be an average schedule company."¹⁵ The definition of "average schedule company" does not provide for the creation of new average schedule companies without a waiver of the Commission's rules.¹⁶ The Reasnor exchange is currently operated by Sully Telephone, which is an average schedule company. Reasnor Telephone is a newly created entity acquiring the Reasnor exchange from Sully Telephone, and Reasnor Telephone seeks to continue operating the exchange as an average schedule company. Accordingly, Reasnor Telephone respectfully petitions the Commission for waiver of Section 69.605(c) to operate the Reasnor exchange as an average schedule company.

A waiver of the Commission's rules may only be granted "if good cause therefor is shown."¹⁷ The Commission may exercise its discretion to waive a rule where the particular facts make strict compliance inconsistent with the public interest.¹⁸ The Commission may take into account considerations of hardship, equity, or more effective implementation of overall policy on an individual basis.¹⁹ Waiver of the Commission's rules is, therefore, appropriate only if special

¹⁵ 47 C.F.R. § 69.605(c).

¹⁶ *Nemont Telephone*, ¶ 28.

¹⁷ 47 C.F.R. § 1.3.

¹⁸ *Nemont Telephone*, ¶ 7.

¹⁹ *Id.*

circumstances warrant a deviation from the general rules, and such deviation will serve the public interest.²⁰

The FCC has determined that the special circumstances necessary to justify a waiver of Section 69.605(c) exist for small carriers that lack the resources to operate on a cost-study basis.²¹ The definition of "average schedule company" in Section 69.605(c) was premised upon a policy determination by the FCC that only the carriers with the financial resources and expertise to conduct cost studies without undue hardship should be required to measure the actual costs they incur in providing interstate service.²² Indeed, the FCC has found it appropriate to waive the average schedule company definition for carriers that have many times the number of lines that Reasnor Telephone will acquire as a result of the transaction.²³

²⁰ *Id.*

²¹ *Jordan-Soldier Valley Telephone Company and Alpine Communications, L.C.; Joint Petition for Waiver of the Definition of "Study Area" Contained in Part 36 Appendix-Glossary of the Commission's Rules and the Definition of "Average Schedule Company" in Section 69.605(c) of the Commission's Rules*, Order, 15 FCC Rcd 21917, 21922 (2000) (citations omitted).

²² *Id.* (citing *MTS and WATS Order*, 3 FCC Rcd at 6642).

²³ See, e.g., *Norway Rural Telephone Company and Iowa Telecommunications Services, Inc., Joint Petition for Waiver of the Definition of "Study Area" Contained in Part 36, Appendix - Glossary of the Commission's Rules; Petition for Waiver of Sections 69.3(e)(11) and 69.605(c) of the Commission's Rules*, Order, 17 FCC Rcd 20, 127 (2002)(800 access lines); *Jordan Soldier* (640 access lines); *Dumont Telephone Company, Inc., and Universal Communications, Inc., Request for Extraordinary Relief*, Memorandum Opinion and Order, 13 FCC Rcd 17821 (1998) (1,544 access lines); *Petitions for Waiver Filed by Accent Communications, et al.*, Memorandum Opinion and Order, 11 FCC Rcd 11513 (1996) (2,240 access lines); *National Utilities, Inc. and Bettles Telephone Co., Inc. Petition for Waiver of Section 69.605(c) of the Commission's Rules*, Report and Order, 8 FCC Rcd 8723 (1993) (2,350 access lines); *New Castle Telephone Co. Petition for Waiver of Section 69.605(c)*, Memorandum Opinion and Order, 7 FCC Rcd 2081 (1992) (1,550 access lines); *Papago Tribal Utility Authority Petition for Waiver of Section 69.605(c) of the Commission's Rules*, Memorandum Opinion and Order, 2 FCC Rcd 6631 (1987) (400 access lines).

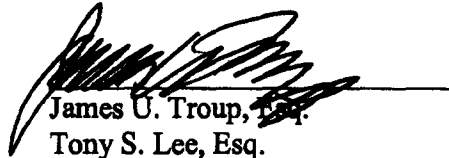
Moreover, Reasnor Telephone should not be required to operate as a cost company because it lacks the resources to perform such studies. It will only have approximately 275 lines, and it will have extremely limited resources in which to devote to administrative tasks. Its resources are better spent on customer service and network improvements, rather than cost-studies. Given the extremely small size of the exchange, low line count, and limited resources of the company, the diversion of even one employee away from Reasnor Telephone's core operations will have a significant impact on the company's ability to serve its customers and provide them with the high level of service they deserve. Reasnor Telephone is precisely the type of small rural company to which the FCC envisioned conferring average schedule company status because of the under hardship such companies would suffer if they were required to operate as cost companies. Accordingly, grant of the requested waiver of Section 69.605(c) is warranted.

IV. CONCLUSION

The proposed transaction will result in more efficient service and effective management of the rural exchange involved in the transaction, which benefits the public interest through the expansion and provision of high-quality telecommunications service to rural consumers. Furthermore, permitting Reasnor Telephone to operate as an average schedule company is warranted because it will be operating a single small exchange with only about 275 access lines, and the balance of equities do not favor imposing the hardships of operating the Reasnor exchange as a cost company. This is especially true in light of the fact that the Commission has previously granted waivers of Section 69.605(c) to carriers many times the size of Reasnor Telephone. Accordingly, for the foregoing reasons, Petitioners respectfully request that the Commission grant the instant study area waiver petition, and grant a waiver of Section 69.605(c)

of the Commission's rules to permit Reasnor Telephone to operate the Reasnor exchange as an average schedule company.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "James U. Troup", is written over a horizontal line.

James U. Troup, Esq.
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Date: September 27, 2004

EXHIBIT A

USF Impact Study

Summary of Results of January 2004 Payments
Based on December 2002 Data

	<u>Annual Support</u>
Total USF Support Received by Company Before Transaction (1758 access lines and 2 exchanges)	\$ 67,890.71
Sully Exchange (1,483 access lines and 1 exchange)	\$ 15,807.30
Reasnor Exchange (275 access lines and 1 exchange)	<u>\$ 32,441.54</u>
Total USF Support Received After Transaction	\$ 48,248.84
 Reduction in USF as a Result of the Transaction	 \$ 19,641.87

EXHIBIT B

Copy of Iowa Utilities Board Order

STATE OF IOWA
DEPARTMENT OF COMMERCE
UTILITIES BOARD

IN RE: SULLY TELEPHONE ASSOCIATION, INC., AND REASNOR TELEPHONE COMPANY, LLC	DOCKET NOS. SPU-04-21 TF-04-255 WRU-04-37-3775
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**ORDER APPROVING JOINT APPLICATION FOR DISCONTINUANCE OF
SERVICE, AMENDING CERTIFICATE, GRANTING PARTIAL TRANSFER OF
CERTIFICATE, APPROVING TARIFF, AND GRANTING WAIVER**

(Issued September 2, 2004)

On August 3, 2004, Sully Telephone Association, Inc. (Sully Telephone), and Reasnor Telephone Company, LLC (Reasnor Telephone), filed with the Utilities Board (Board) a joint application for approval of discontinuance of service and a partial transfer of certificate of public convenience and necessity pursuant to Iowa Code §§ 476.20 and 476.29 (2003) and a request for waiver of 199 IAC 22.23(2) regarding individual customer verification for unauthorized changes in telecommunications services. The filing was identified as Docket No. SPU-04-21.

Sully Telephone is a non-rate-regulated independent telephone company that provides local exchange service to the Sully and Reasnor exchanges. Currently, the Sully exchange has approximately 2,300 access lines and the Reasnor exchange has approximately 275 access lines. Reasnor Telephone is a newly-formed Nebraska limited liability company that is authorized to transact business in Iowa.

Reasnor Telephone has not previously been certified to provide telecommunications in any state.

The filing indicates that the applicants have entered into an asset purchase agreement whereby Reasnor Telephone will acquire the assets of Sully Telephone necessary to provide local exchange service in the Reasnor, Iowa, exchange. Reasnor Telephone intends to provide service to all eligible customers in the Reasnor exchange. Sully Telephone will continue to provide service to its subscribers in the Sully exchange. The transaction will result in the discontinuance of service in the Reasnor, Iowa, exchange by Sully Telephone, with service continuing without interruption, provided by Reasnor Telephone.

The joint application requests that the Board transfer that portion of the certificate of public convenience and necessity presently issued to Sully Telephone for service in the Reasnor exchange to Reasnor Telephone. Sully Telephone also seeks the Board's approval for the discontinuance of local exchange and exchange access service in the Reasnor exchange.

Reasnor Telephone asserts that it is well-qualified managerially, technically, and financially to provide the services for which it is requesting certification. Reasnor Telephone states that its owner and president has more than 30 years of experience in the local exchange industry and that it has sufficient access to capital to fund the purchase, development, and maintenance of the exchange it intends to purchase.

In support of this request, Reasnor Telephone states that it will abide by all applicable statutes, orders, rules, and regulations of the Board for local exchange

carriers. It will adopt Sully Telephone's existing dialing parity plan and will allow customers to continue to obtain interLATA and intraLATA interexchange services from other carriers. Local operator services and directory assistance services from other providers will be offered on a non-discriminatory basis.

The applicants claim the public interest will be served by this transaction. Reasnor Telephone states that it will initially adopt the local service rates of Sully Telephone, will be active in the community, and expects to generate opportunities for new employment. Reasnor Telephone states that it will seek to improve available facilities and services, such as extension of high bandwidth services, fiber ring build out, and deployment of broadband services. The applicants state that the transaction will create economic gains for Sully Telephone, enabling it to upgrade its telecommunications equipment, thereby providing its customers with more robust and reliable service.

Iowa Code § 476.29(2) (2003) provides that a local exchange carrier shall not be denied a certificate if the Board finds that the applicant possesses the technical, financial, and managerial ability to provide the service it proposes to render and the Board finds the service is consistent with the public interest. The Board has reviewed the information contained in the joint application and concludes that Reasnor Telephone meets the requirements of the statute. The Board will grant the request for the transfer of the certificate.

The Board's rules under 199 IAC 22.23 require telecommunications service providers to obtain customer authorization prior to enacting a change in service. The

applicants have requested a waiver of 199 IAC 22.23(2) in what has been identified as Docket No. WRU-04-37-3775. The applicants state that they intend to notify Sully Telephone customers in the Reasnor exchange of the proposed acquisition and change in carrier. They attached a copy of the proposed form of notice to the filing. The notice would be provided to customers through a billing insert or direct mailing as soon as practicable.

Pursuant to 199 IAC 1.3, the Board may waive a rule if it finds that application of the rule would pose an undue hardship; that waiver will not prejudice the substantial legal rights of any person; that the provisions of the rule are not mandated by statute; and that substantially equal protection of public health, safety, and welfare will be afforded by other means. Here, application of rule 22.23 would pose an undue hardship on Sully Telephone and Reasnor Telephone by requiring that they obtain a substantial number of individual authorizations; waiver will not prejudice the substantial legal rights of any person, since the affected customers will receive the same service at the same rates; the provisions of the rule are not mandated by any other rule of law; and substantially equal protection of the public health, safety, and welfare will be provided by the notice that Sully Telephone and Reasnor Telephone will send to the affected customers. The Board will grant the waiver.

In connection with the transfer, the joint applicants state they will require a waiver from the Federal Communications Commission (FCC) of the FCC's study area requirements. It has been the FCC's policy not to accept a waiver petition unless the state regulatory agency indicates that it does not object to changes in the study area

boundaries. In previous transfers of this type, the Board has affirmatively stated that it does not object to the FCC granting a study area waiver. The Board finds it is appropriate to make the same statement in this docket.

Finally, Sully Telephone will be required to file a new tariff and service area boundary map reflecting the transfer of the Reasnor exchange within 30 days of this order.

IT IS THEREFORE ORDERED:

1. The joint application for approval of discontinuance of service and partial transfer of certificate of public convenience and necessity with regard to the Reasnor, Iowa, exchange filed by Sully Telephone Association, Inc., and Reasnor Telephone Company, LLC, on August 3, 2004, is approved to be effective upon issuance of this order.
2. An order amending Certificate No. 125 issued to Sully Telephone Association, Inc., to reflect the removal of the Reasnor exchange is being issued concurrently with this order and will become effective upon the amendment of Sully Telephone Association, Inc.'s tariff.
3. Sully Telephone Association, Inc., is directed to file new tariff pages and exchange boundary maps showing the removal of the Reasnor, Iowa, exchange within 30 days of this order.
4. A certificate, identified as Certificate No. 0284, is being issued to Reasnor Telephone Company concurrently with this order.

5. The tariff filed by Reasnor Telephone Company, LLC, filed on August 3, 2004, and amended on August 25, 2004, which has been identified as TF-04-255, is approved upon the effective date of the transaction.

6. The joint request by Sully Telephone Association, Inc., and Reasnor Telephone Company, LLC, for a waiver of 199 IAC 22.23(2) requiring verification of unauthorized changes in telecommunications service, is granted subject to the requirement that Sully Telephone Association, Inc., and Reasnor Telephone Company, LLC, notify customers in the Reasnor exchange of the change in service.

7. The Board affirmatively states that it does not object to the request that a study area waiver be granted by the FCC.

UTILITIES BOARD

/s/ Diane Munns

/s/ Mark O. Lambert

ATTEST:

/s/ Judi K. Cooper
Executive Secretary

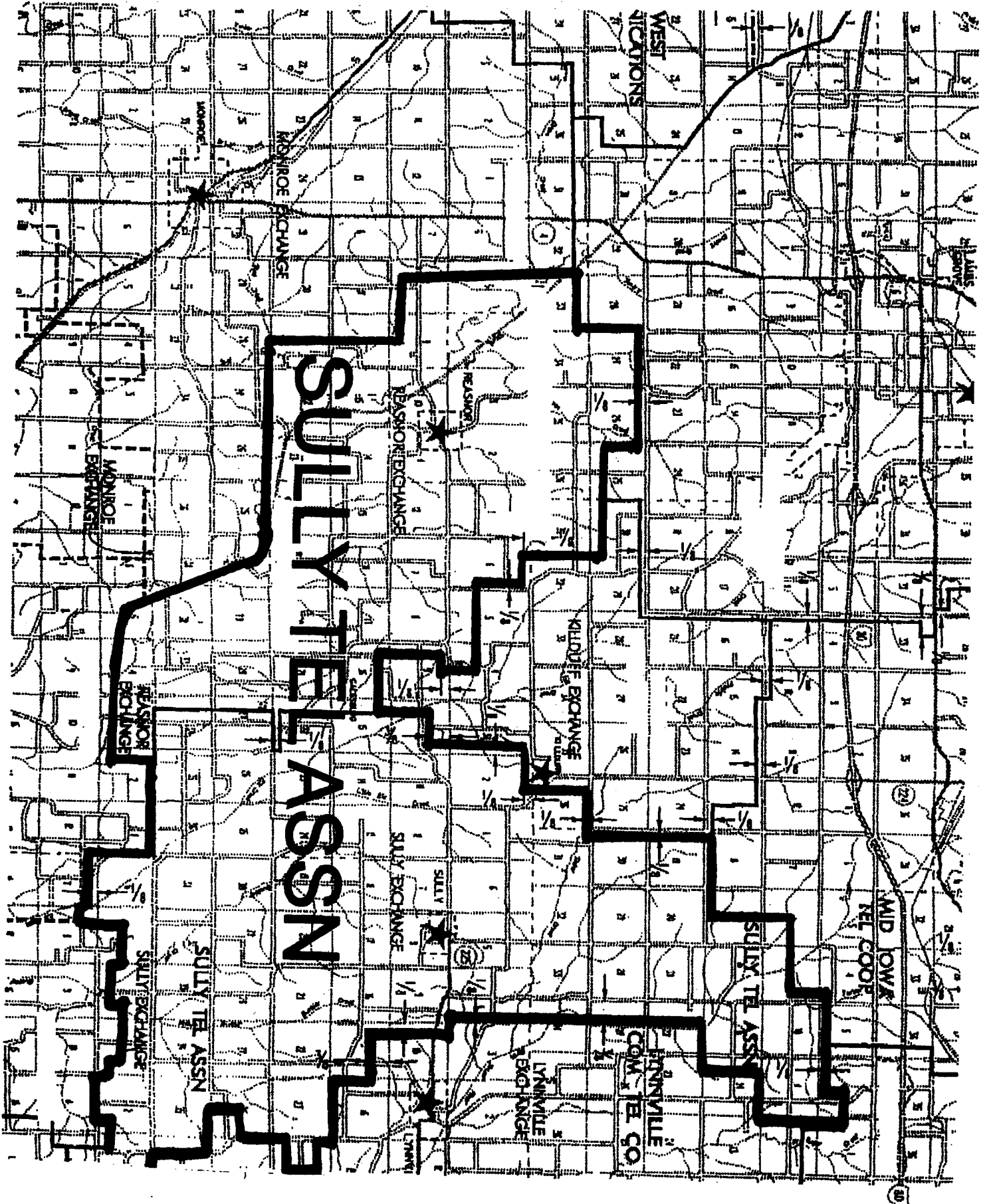
/s/ Elliott Smith

Dated at Des Moines, Iowa, this 2nd day of September, 2004.

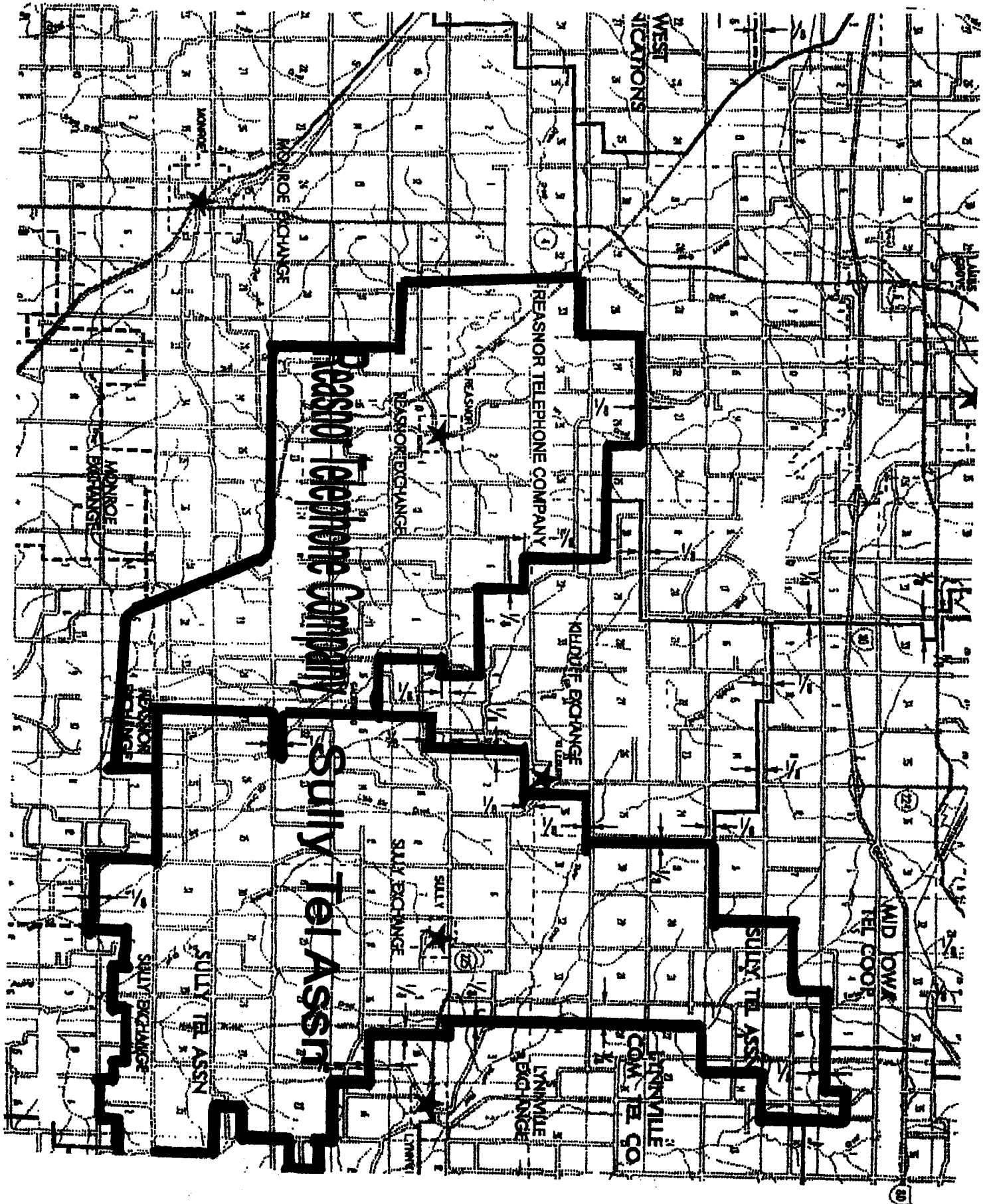
EXHIBIT C

Service Area Maps

Telephone Exchange Ownership Before Sale



Telephone Exchange Ownership After Sale



CERTIFICATION ON BEHALF OF
REASNOR TELEPHONE COMPANY,LLC

I, Gary Neill, hereby certify under penalty of perjury that I am authorized to make this certification on behalf of Reasnor Telephone Company, LLC; that I have read the foregoing document and know the contents thereof; and that the same are true of my own knowledge, except to those matters therein stated upon information and belief, and as to those matters I believe them to be true.




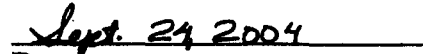
Gary Neill
Reasnor Telephone Company, LLC

9-24-2004
Date

CERTIFICATION ON BEHALF OF
SULLY TELEPHONE ASSOCIATION, INC.

I, Arie Scholten, hereby certify under penalty of perjury that I am authorized to make this certification on behalf of Sully Telephone Association, Inc.; that I have read the foregoing document and know the contents thereof; and that the same are true of my own knowledge, except to those matters therein stated upon information and belief, and as to those matters I believe them to be true.


Arie Scholten
Sully Telephone Association, Inc.


Date